

AMENDED IN SENATE AUGUST 14, 2006

AMENDED IN SENATE JUNE 19, 2006

AMENDED IN ASSEMBLY MAY 26, 2006

AMENDED IN ASSEMBLY APRIL 18, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 3056

Introduced by Committee on Natural Resources (Hancock (Chair), La Malfa (Vice Chair), Keene, Koretz, Saldana, and Wolk)

March 2, 2006

An act to amend Sections ~~14524, 14560, and 14581~~ of ~~14509.4, 14524, 14536, 14560, 14574, 14575, 14581, and 14585~~ of, to amend, repeal, and add Section 14549.1 of, to add and repeal Section 14549.2 of, and to add Sections 14549.7 and 14571.5 to, the Public Resources Code, relating to beverage containers, making an appropriation therefor, and declaring an urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3056, as amended, Committee on Natural Resources. Beverage containers: quality incentive payments: refund values: *handling fees*.

(1) The California Beverage Container Recycling and Litter Reduction Act requires a distributor of specified beverage containers to pay a redemption payment to the Department of Conservation (*department*), for each beverage container, as defined, sold or transferred, for deposit in the California Beverage Container Recycling Fund.

The money in the fund is continuously appropriated to the department to pay refund values, administrative fees, and a reserve for contingencies. The department is then authorized to make other specified expenditures from the money remaining in the fund after the money for those purposes has been set aside.

The department is required to pay a processor the refund value for every empty beverage container received by the processor from a recycler and existing law sets the refund value at \$0.08-cents for every 2 beverage containers redeemed or for a single beverage container with a capacity of 24 or more fluid ounces, and \$0.04 for a single or unpaired beverage container redeemed in a single transaction.

This bill would authorize the department, after setting aside the money required for those other expenditures, to expend those moneys to pay a refund value in an amount greater than the specified refund value, until July 1, 2007, thereby making an appropriation.

(2) The California Beverage Container Recycling and Litter Reduction Act defines “convenience zone,” for purposes of providing recycling centers under the act, as an area within a 1/2 mile radius of a supermarket or, alternatively, in a rural region where the convenience zone is otherwise not being served by a certified recycling center or location, the area within a 3-mile radius of a supermarket.

This bill would revise the definition of convenience zone to instead authorize the department to increase a convenience zone in a rural region to include the area within a 3-mile radius of a supermarket, if the expanded convenience zone would then be served by a single existing certified recycling center or location. The bill would additionally authorize the department to designate a convenience zone in a rural region where there is no supermarket, but there are 2 or more dealers located within a one-mile radius of each other, and that meets other specified criteria.

(3) The act requires a distributor of beverage containers to pay the department the redemption payment for every beverage container sold or transferred to a dealer, less 1% for the distributor’s administrative costs.

This bill would increase to 1.5% the amount that a distributor is authorized to withhold from the redemption payment for administrative costs.

(4) Under the act, the department is required to calculate a processing fee for each beverage container with a specified scrap

value, which is required to be paid by beverage manufacturers for each beverage container sold or transferred to a dealer.

This bill would, for the 2007 calendar year, require the department to reduce to zero the processing fee paid for any container type with a recycling rate equal to, or greater than 40%, if the beverage manufacturer commits to spending an amount equal to 25% of the amount of processing fee payment otherwise due, on advertising and public education in the state to promote beverage container recycling.

(5) Existing law authorizes the department to pay a quality glass incentive payment to either an operator of a curbside recycling program or any other entity certified under the act that color sorts glass beverage containers for recycling. The department is authorized to expend not more than \$3,000,000 per calendar year in making these incentive payments.

The bill would instead authorize the department to pay a quality incentive payment for empty glass, plastic, and aluminum beverage containers that meet specified conditions. The bill would authorize the department to expend, after January 1, 2007, up to \$15,000,000 annually for making these quality incentive payments, thereby making an appropriation.

(6) Existing law requires the department, subject to the availability of funds, to annually expend \$15,000,000, in the form of grants for beverage container litter reduction programs and recycling programs issued to certified community conservation corps meeting specified criteria.

The bill would revise those criteria and would instead require the department to expend \$20,000,000 from January 1, 2007, until January 1, 2008, in the form of these grants and \$15,000,000 on and after January 1, 2008, annually thereafter. The bill would require a community conservation corps issued these grants to also meet certain criteria, if Assembly Bill 3056 of the 2005–06 Regular Session of the Legislature is enacted. The bill would also require the grant recipient, as a condition of receiving a grant for 2007, to demonstrate that it is reducing beverage container litter and increasing the recycling of beverage containers.

(7) Existing law authorizes the department to spend up to \$10,000,000 annually, until January 1, 2007, to issue grants for recycling market development and expansion-related activities aimed at increasing the recycling of beverage containers.

This bill would increase the amount the department is authorized to expend for those purposes to \$20,000,000, and would extend that date to January 1, 2012, thereby making an appropriation. The bill would additionally allow those grants to fund research and development to provide high-quality materials that are substantially free of contamination.

The bill would also authorize the department to pay a market development payment, until January 1, 2012, to a certified entity or product manufacturer for empty plastic beverage containers collected, recycled, and reclaimed, or used in manufacturing, in the state. The bill would require the department to determine the amount of the market development payment, which the department would be authorized to set at different levels for a certified entity and a product manufacturer, but the payment would be prohibited from exceeding \$150 per ton. The bill would authorize the department to annually expend up to \$5,000,000 to make these market development payments for empty plastic beverage containers, until January 1, 2012.

The bill would authorize the department to establish a recycling incentive payment program for recycling centers and dropoff or collection programs that meet specified conditions, including that the number of beverage containers redeemed or collected, as applicable, by the recycling center or dropoff or collection program during a 6-month base period for which payments are authorized to be made, exceeds by more than 5%, the number of beverage containers redeemed or collected by that entity during the prior 6-month period, except as specified for the initial 6-month redemption or collection period. The bill would provide that the amount of the recycling incentive payment is \$0.01 for each eligible beverage container and would authorize the department to expend up to \$10,000,000 annually for the payment of these recycling incentive payments, until the payment for containers redeemed or collected by December 31, 2009, have been paid, thereby making an appropriation.

The bill would authorize the department to expend up to \$5,000,000 from January 1, 2007, to January 1, 2008, for transfer to the Department of Parks and Recreation for the purposes of installing source separated beverage containers recycling receptacles at each of the state parks, starting with those parks that have the highest day use. The bill would also authorize the department to expend up to \$5,000,000 from January 1, 2007, to January 1, 2008, to provide grants to local governments or nonprofit agencies to place multifamily

housing source separated beverage container recycling receptacles in low-income communities.

(8) Existing law authorizes the department to pay a handling fee of \$0.018 per container to supermarket sites, nonprofit convenience zone recyclers, and rural region recyclers to provide an incentive to redeem beverage containers. Existing law authorizes the department to pay a total of \$30,000,000 in handling fees from July 1, 2004, to June 30, 2005, and requires the department to expend \$26,000,000 per fiscal year thereafter. Existing law requires, as a condition of eligibility for these payments, that the site or recycler redeem not less than 60,000 beverage containers during the calendar month in which the handling fee is paid, requires a beverage container with a capacity of 24 ounces or more to be considered as 2 beverage containers, and prohibits the amount of the total handling fee payment to a site or recycler from exceeding \$2,300 per month.

This bill would increase the total amount the department is required to pay, for handling fees, for the fiscal year commencing July 1, 2005, up to \$31,000,000, for the fiscal year commencing July 1, 2006, up to \$33,000,000 and for the fiscal year commencing July 1, 2007, up to \$35,000,000. The bill would provide that for each fiscal year commencing July 1, 2008, the department would be authorized to expend the amount necessary to pay the handling fees, thereby making an appropriation.

The bill would, as of July 1, 2008, revise the eligibility conditions for the payment of handling fees to eliminate that 60,000 minimum beverage container redemption requirement, the special consideration for 24 ounce or more containers, and the \$2,300 total handling fee payment limit.

The bill would require the department, by January 1, 2008, and every 2 years thereafter, to conduct a survey to determine the actual cost for the redemption of beverage containers by supermarket sites, nonprofit convenience zone recyclers, and rural region recyclers that receive handling fee payments and, using this information, determine the statewide weighted average cost incurred for the redemption of beverage containers, by material type, at sites and recyclers that receive handling fees. The bill would require the department to pay a handling fee, on and after July 1, 2008, in an amount determined by subtracting the amount of the statewide average per-container cost to redeem beverage containers incurred by a certified recycler that does not receive a handling fee from the statewide average per-container

cost incurred by supermarket sites, nonprofit convenience zone recyclers, and rural region recyclers to redeem beverage containers.

(9) Item No. 3480-011-0133 of the Budget Act of 2002 and Item No. 3480-011-0133 of the Budget Act of 2003 transferred specified amounts from the beverage container fund to the General Fund as a loan and required those loans to be repaid by June 30, 2009.

This bill would instead require these loans to be fully repaid on or before June 30, 2013.

(10) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14509.4 of the Public Resources Code is
2 amended to read:

3 14509.4. "Convenience zone" means—~~all~~ either of the
4 following:

5 (a) The area within a one-half mile radius of a supermarket.

6 (b) ~~(1) Notwithstanding subdivision (a), in a rural region, as~~
7 ~~identified pursuant to subparagraph (A) of paragraph (2) of~~
8 ~~subdivision (b) of Section 14571, the department may, upon~~
9 ~~petition by an interested person, increase a convenience zone that~~
10 ~~meets the requirements of paragraph (2) to include the area~~
11 ~~within a three-mile radius of a supermarket, if the expanded~~
12 ~~convenience zone would then be served by a certified recycling~~
13 ~~center or location.~~

14 ~~(2) Paragraph (1) applies only to a convenience zone that is~~
15 ~~otherwise not being served by a certified recycling center or~~
16 ~~location meeting the requirements of Section 14571 or is~~
17 ~~exempted by the department pursuant to Section 14571.8. The~~
18 ~~area designated by the department pursuant to Section 14571.5.~~

19 SECTION 1.

20 SEC. 2. Section 14524 of the Public Resources Code is
21 amended to read:

22 14524. "Refund value" means the amount established for
23 each type of beverage container pursuant to Section 14560 that is
24 paid by the following:

1 (a) A certified recycling center to the consumer or dropoff or
2 collection center for each beverage container redeemed by the
3 consumer or dropoff or collection center. With respect to
4 consumers returning containers to recycling centers, the refund
5 value shall not be subject to tax under the Personal Income Tax
6 Law (Part 10 (commencing with Section 17001) of Division 2 of
7 the Revenue and Taxation Code) or the Bank and Corporation
8 Tax Law (Part 11 (commencing with Section 23001) of Division
9 2 of the Revenue and Taxation Code).

10 (b) A processor to a certified recycling center, dropoff or
11 collection program, curbside program, or nonprofit dropoff
12 program for each beverage container received from the certified
13 recycling center, dropoff or collection program, curbside
14 program, or nonprofit dropoff program.

15 (c) The department to a processor, for every beverage
16 container received by the processor from a certified recycling
17 center, curbside program, dropoff or collection program, or
18 nonprofit dropoff program.

19 *SEC. 3. Section 14536 of the Public Resources Code is*
20 *amended to read:*

21 14536. (a) Except as provided in subdivision (b), the director
22 shall adopt, amend, or repeal all rules and regulations in
23 accordance with Chapter 3.5 (commencing with Section 11340)
24 of Part 1 of Division 3 of Title 2 of the Government Code.

25 (b) (1) The director shall adopt regulations, and may adopt
26 emergency regulations for the purposes of implementing Sections
27 14538, 14539, 14541, 14549.1, *14549.2, 14549.7*, 14550, 14561,
28 14574, 14575, *14585*, 14588.1, 14588.2, and 14591.

29 (2) Any emergency regulations, if adopted, shall be adopted in
30 accordance with Chapter 3.5 (commencing with Section 11340)
31 of Part 1 of Division 3 of Title 2 of the Government Code, and
32 for the purposes of that chapter, including Section 11349.6 of the
33 Government Code, the adoption of these regulations is an
34 emergency and shall be considered by the Office of
35 Administrative Law as necessary for the immediate preservation
36 of the public peace, health and safety, and general welfare.
37 Notwithstanding Chapter 3.5 (commencing with Section 11340)
38 of Part 1 of Division 3 of Title 2 of the Government Code,
39 including subdivision (e) of Section ~~11349.1~~ *11346.1* of the
40 Government Code, any emergency regulations adopted pursuant

1 to this section shall be filed with, but not be repealed by, the
2 Office of Administrative Law and shall remain in effect until
3 revised by the director.

4 *SEC. 4. Section 14549.1 of the Public Resources Code is*
5 *amended to read:*

6 14549.1. In order to improve the quality and marketability of
7 glass containers collected for recycling in the state by curbside
8 recycling programs, the department may, consistent with Section
9 14581 and subject to the availability of funds, pay a quality glass
10 incentive payment to either an operator of a curbside recycling
11 program registered pursuant to Section 14551.5, or to any other
12 entity certified pursuant to this division, that color sorts glass
13 beverage containers for recycling. The total amount paid by the
14 department pursuant to this section shall not exceed three million
15 dollars (\$3,000,000) per calendar year. The department shall
16 make a quality glass incentive payment based on all of the
17 following:

18 (a) The amount of the quality glass incentive payment shall be
19 up to thirty dollars (\$30) per ton, as determined by the
20 department.

21 (b) The department shall make a quality glass incentive
22 payment only for color-sorted glass beverage containers that are
23 substantially free of contamination.

24 (c) The department shall make a quality glass incentive
25 payment only for glass beverage containers that are either
26 collected color sorted by curbside recycling programs, or
27 collected commingled by curbside recycling programs and
28 subsequently color sorted by the collector or any other entity
29 certified pursuant to this division.

30 (d) Only one payment shall be made for each color-sorted
31 glass beverage container collected.

32 (e) *This section shall remain in effect until January 1, 2007,*
33 *and as of that date is repealed, unless a later enacted statute,*
34 *which is enacted before January 1, 2007, deletes or extends that*
35 *date.*

36 *SEC. 5. Section 14549.1 is added to the Public Resources*
37 *Code, to read:*

38 14549.1. (a) *In order to improve the quality and*
39 *marketability of empty beverage containers collected for*
40 *recycling in the state by curbside recycling programs or dropoff*

1 or collection programs, the department may, consistent with
2 Section 14581 and subject to the availability of funds, pay a
3 quality incentive payment for each material type, as specified in
4 subdivision (c).

5 (b) The department may make a quality incentive payment
6 pursuant to this section to either an operator of a curbside
7 recycling program registered pursuant to Section 14551.5, or to
8 any other entity certified pursuant to this division.

9 (c) Subject to subdivision (a), the department shall pay a
10 quality incentive payment for each type of beverage container
11 material in accordance with the following conditions:

12 (1) For quality incentive payments for empty glass beverage
13 containers, all of the following shall apply:

14 (A) The department may make a quality incentive payment
15 only for color-sorted glass beverage containers that are
16 substantially free of contamination.

17 (B) The department may make a quality incentive payment for
18 empty glass beverage containers that are either collected color
19 sorted by curbside recycling programs or dropoff or collection
20 programs, or that are by collected mixed color by curbside
21 recycling programs or dropoff or collection programs and are
22 subsequently color sorted by the collector or any other entity
23 certified pursuant to this division.

24 (C) The amount of the quality incentive payment for empty
25 glass beverage containers shall be up to sixty dollars (\$60) per
26 ton, as determined by the department.

27 (2) For quality incentive payments for empty plastic beverage
28 containers, both of the following shall apply:

29 (A) The department may make a quality incentive payment
30 only for plastic beverage containers collected by curbside
31 recycling programs or dropoff or collection programs, that are
32 sorted by resin type, consistent with any quality specifications
33 that the department may adopt.

34 (B) The amount of the quality plastic incentive payment shall
35 be up to one hundred eighty dollars (\$180) per ton, as
36 determined by the department.

37 (3) For quality payments for empty aluminum beverage
38 containers, all of the following shall apply:

39 (A) The department may make a quality incentive payment
40 only for aluminum beverage containers that are free of any and

1 *all metallic and nonmetallic items, other than used aluminum*
2 *containers.*

3 *(B) The department may make a quality incentive payment for*
4 *empty aluminum beverage containers that are collected*
5 *commingled by curbside recycling programs or dropoff or*
6 *collection programs, and subsequently cleaned by the collector*
7 *or any other entity certified pursuant to this division, of any and*
8 *all metallic and nonmetallic items, other than used aluminum*
9 *containers, consistent with any quality specifications that the*
10 *department may adopt.*

11 *(C) The amount of the quality incentive payment for empty*
12 *aluminum beverage containers shall be up to one hundred*
13 *twenty-five dollars (\$125) per ton, as determined by the*
14 *department.*

15 *(d) An operator of a curbside recycling program or any other*
16 *certified entity receiving a quality incentive payment shall make*
17 *available for inspection and review any relevant record that the*
18 *department determines is necessary to verify the accuracy of data*
19 *upon which the quality incentive payment is based and the*
20 *operator's or certified entity's compliance with any applicable*
21 *regulation.*

22 *(e) The department may make only one quality incentive*
23 *payment for each empty beverage container collected pursuant to*
24 *this section.*

25 *(f) This section shall become operative on January 1, 2007.*

26 *SEC. 6. Section 14549.2 is added to the Public Resources*
27 *Code, to read:*

28 *14549.2. (a) For purposes of this section, the following*
29 *definitions shall apply:*

30 *(1) "Certified entity" means a recycling center, processor, or*
31 *dropoff or collection program certified pursuant to this division.*

32 *(2) "Product manufacturer" means any person who*
33 *manufactures a plastic product in this state.*

34 *(b) In order to develop California markets for empty plastic*
35 *beverage containers collected for recycling in the state, the*
36 *department may, consistent with Section 14581 and subject to the*
37 *availability of funds, pay a market development payment to a*
38 *certified entity or product manufacturer for plastic beverage*
39 *containers collected and managed pursuant to this section.*

1 (c) *The department shall make a market development payment*
2 *to a certified entity or product manufacturer in accordance with*
3 *this section, only if the plastic beverage container is collected,*
4 *recycled, and reclaimed, or used in manufacturing, in the state,*
5 *as follows:*

6 (1) *The department shall make a market development payment*
7 *to a certified entity for empty plastic beverage containers that*
8 *are collected for recycling in the state, that are subsequently*
9 *washed and processed by a certified entity into a flake, pellet, or*
10 *other form in the state, and made usable for the manufacture of a*
11 *plastic product by a product manufacturer.*

12 (2) *The department shall make a market development payment*
13 *to a product manufacturer for empty plastic beverage containers*
14 *that are collected for recycling in the state, that are subsequently*
15 *washed and processed into a flake, pellet or other form in the*
16 *state, and used by that product manufacturer to manufacture a*
17 *product in this state.*

18 (3) *The department shall determine the amount of the market*
19 *development payment, which may be set at a different level for a*
20 *certified entity and a product manufacturer, but shall not exceed*
21 *one hundred fifty dollars (\$150) per ton.*

22 (4) *The department may make a market development payment*
23 *to both certified entity and a product manufacturer for the same*
24 *empty plastic beverage container.*

25 (d) *This section shall remain in effect only until January 1,*
26 *2012, and as of that date is repealed, unless a later enacted*
27 *statute, that is enacted before January 1, 2012, deletes or extends*
28 *that date.*

29 SEC. 7. *Section 14549.7 is added to the Public Resources*
30 *Code, to read:*

31 14549.7. (a) *Consistent with Section 14581 and to the extent*
32 *that existing funds are available for this purpose, the department*
33 *shall establish a recycling incentive payment program for*
34 *eligible recycling centers and dropoff or collection programs*
35 *pursuant to this section.*

36 (b) *To be eligible for a recycling incentive payment, a*
37 *recycling center, or dropoff or collection program shall meet*
38 *both of the following requirements:*

39 (1) *The recycling center or dropoff or collection program is*
40 *certified, and open for business, as specified in subdivision (d) of*

1 Section 14571, during the entire six-month period prior to the
2 period for which recycling incentive payments are made.

3 (2) Except as provided in paragraph (3), the number of
4 beverage containers redeemed or collected for recycling, as
5 applicable, by the recycling center or dropoff or collection
6 program during a six-month period for which payments are made
7 exceeds, by more than 5 percent, the number of beverage
8 containers redeemed or collected for recycling by that entity
9 during the prior six-month base period.

10 (3) The number of beverage containers redeemed or collected
11 for recycling, as applicable, by the recycling center or dropoff
12 collection from January 1, 2007, until June 30, 2007, exceeds by
13 more than 6.5 percent the number of beverage containers
14 redeemed or collected for recycling by that entity from July 1,
15 2006, until December 31, 2006.

16 (c) The department shall make a recycling incentive payment
17 only for eligible beverage containers, which shall be calculated
18 as the number of beverage containers that are redeemed or
19 collected for recycling by an eligible recycling center or dropoff
20 or collection program during the six-month period that exceeds
21 the number of empty beverage containers redeemed or collected
22 for recycling, as applicable, by that entity during the prior
23 six-month base period. The number of eligible beverage
24 containers determined pursuant to this subdivision is the basis
25 that the department shall use to determine priority in making
26 recycling incentive payments pursuant to paragraph (4) of
27 subdivision (d).

28 (d) The department shall make a recycling incentive payment
29 for each eligible beverage container redeemed or collected for
30 recycling, as applicable, by an eligible recycling center or
31 dropoff or collection program and properly reported to the
32 department by processors, based upon all of the following:

33 (1) The payment amount shall be calculated based upon the
34 number of eligible beverage containers, as specified in
35 subdivision (c), redeemed or collected for recycling by the
36 eligible recycling center or dropoff or collection programs, as
37 specified in subdivision (b), during the six-month period for
38 which the payments are to be made.

1 (2) *The amount of the recycling incentive payment shall be one*
2 *cent (\$0.01) for each eligible beverage container redeemed or*
3 *collected for recycling.*

4 (3) *The department shall base the amount to be paid to the*
5 *operator of each eligible recycling center and dropoff or*
6 *collection program upon the rate specified in paragraph (2)*
7 *multiplied by the total number of eligible beverage containers*
8 *redeemed or collected for recycling by the recycling center or*
9 *dropoff or collection program calculated pursuant to paragraph*
10 *(1).*

11 (4) *The total amount of recycling incentive payments made*
12 *pursuant to this section shall not exceed the amount of the annual*
13 *appropriation made pursuant to paragraph (11) of subdivision*
14 *(a) of Section 14581. If the amount of recycling incentive*
15 *payments authorized by this section exceeds that annual*
16 *appropriation, the department shall give priority in making*
17 *recycling incentive payments to those recycling centers and*
18 *dropoff or collection programs that have the highest eligible*
19 *annual volume and subsequently to those centers or programs*
20 *with lower eligible annual volumes. The department shall make*
21 *recycling incentive payments in accordance with this order of*
22 *priority, until all eligible recycling centers and dropoff or*
23 *collection programs have been paid, or the annual appropriation*
24 *has been expended, whichever comes first.*

25 (e) *The department shall disburse payments pursuant to this*
26 *section within six months of the end of the base period for which*
27 *the payments are calculated pursuant to paragraph (1) of*
28 *subdivision (d), subject to the availability of funds.*

29 (f) *The operator of an eligible recycling center and dropoff or*
30 *collection program shall make available for inspection and*
31 *review any relevant record that the department determines is*
32 *necessary to verify compliance with this section, in accordance*
33 *with Section 2075 of Title 14 of the Code of California*
34 *Regulations.*

35 ~~SEC. 2.~~

36 SEC. 8. Section 14560 of the Public Resources Code is
37 amended to read:

38 14560. (a) (1) Except as provided in paragraph (3), a
39 beverage distributor shall pay the department, for deposit into the

1 fund, a redemption payment of four cents (\$0.04) for a beverage
2 container sold or offered for sale in this state by the distributor.

3 (2) A beverage container with a capacity of 24 fluid ounces or
4 more shall be considered as two beverage containers for purposes
5 of redemption payments paid pursuant to paragraph (1).

6 (3) On and after July 1, 2007, the amount of the redemption
7 payment and refund value for a beverage container with a
8 capacity of less than 24 fluid ounces sold or offered for sale in
9 this state by a dealer shall equal five cents (\$0.05) and the
10 amount of redemption payment and refund value for a beverage
11 container with a capacity of 24 fluid ounces or more shall be ten
12 cents (\$0.10), if the aggregate recycling rate reported pursuant to
13 Section 14551 for all beverage containers subject to this division
14 is less than 75 percent for the 12-month reporting period from
15 January 1, 2006, to December 31, 2006, or for any calendar year
16 thereafter.

17 (b) Except as provided in subdivision (c), a beverage container
18 sold or offered for sale in this state has a refund value of four
19 cents (\$0.04) if the beverage container has a capacity of less than
20 24 fluid ounces and eight cents (\$0.08) if the beverage container
21 has a capacity of 24 fluid ounces or more.

22 (c) Notwithstanding subdivision (b), the department may, on
23 and after January 1, 2007, but not after July 1, 2007, increase the
24 amount of the refund value specified in subdivision (b), if the
25 department determines, as specified in subdivision (f) of Section
26 14581, there are sufficient moneys remaining in the fund to make
27 these increased payments.

28 (d) (1) The department shall periodically review the fund to
29 ensure that there are adequate funds in the fund to pay refund
30 values and other disbursements required by this division.

31 (2) If the department determines, pursuant to a review made
32 pursuant to paragraph (1), that there may be inadequate funds to
33 pay the refund values and necessary disbursements required by
34 this division, the department shall immediately notify the
35 Legislature of the need for urgent legislative action.

36 (3) On or before 180 days after the notice is sent pursuant to
37 paragraph (2), the department may reduce or eliminate
38 expenditures, or both, from the fund as necessary, according to
39 the procedure set forth in Section 14581, to ensure that there are

1 adequate funds in the fund to pay the refund values and other
2 disbursements required by this division.

3 (e) This section does not apply to a refillable beverage
4 container.

5 (f) The repeal and reenactment of this section by Chapter 815
6 of the Statutes of 1999 do not affect any obligations or penalties
7 imposed by this section, as it read on January 1, 1999.

8 *SEC. 9. Section 14571.5 is added to the Public Resources*
9 *Code, to read:*

10 *14571.5. The department may, in a rural region, as identified*
11 *pursuant to subparagraph (A) of paragraph (2) of subdivision (b)*
12 *of Section 14571, upon petition by an interested person, do either*
13 *of the following:*

14 (a) (1) *Increase a convenience zone to include the area within*
15 *a three-mile radius of a supermarket, if the expanded*
16 *convenience zone would then be served by a single existing*
17 *certified recycling center or location.*

18 (2) *This subdivision applies only to a convenience zone that is*
19 *otherwise not being served by a certified recycling center or*
20 *location meeting the requirements of Section 14571 or is*
21 *exempted by the department pursuant to Section 14571.8.*

22 (b) (1) *Designate a convenience zone pursuant to Section*
23 *14571.1 in an area where there is no supermarket, but with two*
24 *or more dealers located within a one-mile radius of each other,*
25 *and that meets all of the following criteria:*

26 (A) *The dealers in that area have combined gross annual sales*
27 *of two million dollars (\$2,000,000) or more, as certified by the*
28 *petitioner in an affidavit filed with the petition.*

29 (B) *The convenience zone encompasses a three-mile radius,*
30 *with the center of the zone established at the dealer, located*
31 *closest to the existing recycling center specified in subparagraph*
32 *(D).*

33 (C) *The convenience zone does not overlap any other existing*
34 *convenience zone.*

35 (D) *The convenience zone is served by a single existing*
36 *certified recycling center.*

37 (2) *The department shall identify the dealer locations only for*
38 *the purpose of providing a reference point in the establishment of*
39 *the convenience zone pursuant to this subdivision.*

1 (3) *If the existing recycling location in a convenience zone*
2 *designated pursuant to this subdivision ceases operations, the*
3 *convenience zone shall also cease to exist until a new recycling*
4 *location is established, and the department is petitioned by an*
5 *interested person to designate a convenience zone.*

6 *SEC. 10. Section 14574 of the Public Resources Code is*
7 *amended to read:*

8 14574. (a) (1) A distributor of beverage containers shall pay
9 to the department the redemption payment for every beverage
10 container, other than a refillable beverage container, sold or
11 transferred to a dealer, less ~~1~~ 1.5 percent for the distributor's
12 administrative costs.

13 (2) The payment made by a distributor shall be made not later
14 than the last day of the third month following the sale. The
15 distributor shall make the payment in the form and manner that
16 the department prescribes.

17 (b) (1) Notwithstanding subdivision (a), if a distributor
18 displays a pattern of operation in compliance with this division
19 and the regulations adopted pursuant to this division, to the
20 satisfaction of the department, the distributor may make a single
21 annual payment of redemption payments, if the distributor meets
22 either of the following requirements:

23 (A) If the redemption payment and refund value is not
24 increased pursuant to paragraph (3) of subdivision (a) of Section
25 14560, the distributor's projected redemption payment for a
26 calendar year totals less than fifty thousand dollars (\$50,000).

27 (B) If the redemption payment and refund value is increased
28 pursuant to paragraph (3) of subdivision (a) of Section 14560, the
29 distributor's projected redemption payment for a calendar year
30 totals less than seventy-five thousand dollars (\$75,000).

31 (2) An annual redemption payment made pursuant to this
32 subdivision is due and payable on or before February 1 for every
33 beverage container sold or transferred by the distributor to a
34 dealer in the previous calendar year.

35 (3) A distributor shall notify the department of its intent to
36 make an annual redemption payment pursuant to this subdivision
37 on or before January 31 of the calendar year for which the
38 payment will be due.

39 *SEC. 11. Section 14575 of the Public Resources Code is*
40 *amended to read:*

1 14575. (a) If any type of empty beverage container with a
2 refund value established pursuant to Section 14560 has a scrap
3 value less than the cost of recycling, the department shall, on
4 January 1, 2000, and on or before January 1 annually thereafter,
5 establish a processing fee and a processing payment for the
6 container by the type of the material of the container.

7 (b) The processing payment shall be at least equal to the
8 difference between the scrap value offered to a statistically
9 significant sample of recyclers by willing purchasers, and except
10 for the initial calculation made pursuant to subdivision (d), the
11 sum of both of the following:

12 (1) The actual cost for certified recycling centers, excluding
13 centers receiving a handling fee, of receiving, handling, storing,
14 transporting, and maintaining equipment for each container sold
15 for recycling or, only if the container is not recyclable, the actual
16 cost of disposal, calculated pursuant to subdivision (c). The
17 department shall determine the statewide weighted average cost
18 to recycle each beverage container type, which shall serve as the
19 actual recycling costs for purposes of paragraphs (2) and (3) of
20 subdivision (c), by conducting a survey of the costs of a
21 statistically significant sample of certified recycling centers,
22 excluding those recycling centers receiving a handling fee, for
23 receiving, handling, storing, transporting, and maintaining
24 equipment.

25 (2) A reasonable financial return for recycling centers.

26 (c) The department shall base the processing payment pursuant
27 to this section upon all of the following:

28 (1) The department shall use the average scrap values paid to
29 recyclers between October 1, 2001, and September 30, 2002, for
30 the 2003 calculation and the same 12-month period directly
31 preceding the year in which the processing fee is calculated for
32 any subsequent calculation.

33 (2) To calculate the 2003 processing payments, the department
34 shall use the recycling costs for certified recycling centers used
35 to calculate the January 1, 2002, processing payments.

36 (3) For calculating processing payments that will be in effect
37 on and after January 1, 2004, the department shall determine the
38 actual costs for certified recycling centers, every second year,
39 pursuant to paragraph (1) of subdivision (b). The department
40 shall adjust the recycling costs annually to reflect changes in the

1 cost of living, as measured by the Bureau of Labor Statistics of
2 the United States Department of Labor or a successor agency of
3 the United States government.

4 (d) Notwithstanding paragraph (1) of subdivision (b) and
5 subdivision (c), for the purpose of setting the cost for recycling
6 non polyethylene terephthalate (non-PET) plastic containers by
7 certified recycling centers to determine the processing payment
8 for those containers, the department shall use a recycling cost of
9 six hundred forty-two dollars and sixty-nine cents (\$642.69) per
10 ton for the January 1, 2002, calculation of the processing
11 payment.

12 (e) Except as specified in subdivision (f), the actual processing
13 fee paid by a beverage manufacturer shall equal 65 percent of the
14 processing payment calculated pursuant to subdivision (b).

15 (f) The department, consistent with Section 14581 and subject
16 to the availability of funds, shall reduce the processing fee paid
17 by beverage manufacturers by expending funds in each material
18 processing fee account, in the following manner:

19 (1) The processing fee in effect on January 1, 2004, shall be
20 equal to the following amounts:

21 (A) For a container type that was subject to this division on
22 January 1, 1999, 12 percent of the processing payment if the
23 recycling rate of that container type was equal to, or greater than,
24 60 percent for the 1999 calendar year.

25 (B) For a container type that was not subject to this division on
26 January 1, 1999, 12 percent of the processing payment, if the
27 recycling rate of that container type was equal to, or greater than,
28 60 percent for the 2001 calendar year.

29 (C) For a container type that was not subject to this division on
30 January 1, 1999, 15 percent of the processing payment if the
31 recycling rate for that container type was equal to, or greater
32 than, 45 percent, but less than 60 percent for the 2001 calendar
33 year.

34 (D) For a container type that was not subject to this division
35 on January 1, 1999, 20 percent of the processing payment if the
36 recycling rate for that container type was equal to, or greater
37 than, 30 percent, but less than 45 percent, for the 2001 calendar
38 year.

39 (2) On January 1, 2005, and annually thereafter, the processing
40 fee shall equal the following amounts:

1 (A) Ten percent of the processing payment for a container type
2 with a recycling rate equal to or greater than 75 percent.

3 (B) Eleven percent of the processing payment for a container
4 type with a recycling rate equal to or greater than 65 percent, but
5 less than 75 percent.

6 (C) Twelve percent of the processing payment for a container
7 type with a recycling rate equal to or greater than 60 percent, but
8 less than 65 percent.

9 (D) Thirteen percent of the processing payment for a container
10 type with a recycling rate equal to or greater than 55 percent, but
11 less than 60 percent.

12 (E) Fourteen percent of the processing payment for a container
13 type with a recycling rate equal to or greater than 50 percent, but
14 less than 55 percent.

15 (F) Fifteen percent of the processing payment for a container
16 type with a recycling rate equal to or greater than 45 percent, but
17 less than 50 percent.

18 (G) Eighteen percent of the processing payment for a
19 container type with a recycling rate equal to or greater than 40
20 percent, but less than 45 percent.

21 (H) Twenty percent of the processing payment for a container
22 type with a recycling rate equal to or greater than 30 percent, but
23 less than 40 percent.

24 (I) Sixty-five percent of the processing payment for a
25 container type with a recycling rate less than 30 percent.

26 (3) (A) *Notwithstanding this section, for calendar year 2007*
27 *only, the department shall reduce to zero the processing fee paid*
28 *for any container type with a recycling rate equal to, or greater*
29 *than 40 percent, from any beverage manufacturer that commits*
30 *to spending an amount equal to 25 percent of the amount of*
31 *processing fee payment otherwise due, on advertising and public*
32 *education in the state to promote beverage container recycling.*

33 (B) *A beverage manufacturer shall notify the department of its*
34 *intent to spend an amount equal to 25 percent of the amount of*
35 *processing fee otherwise due, on advertising and public*
36 *education in California promoting beverage container recycling*
37 *on or before January 1, 2007.*

38 (C) *The department shall reduce the processing fee paid by a*
39 *beverage manufacturer pursuant to this paragraph by expending*
40 *funds in each material processing fee account.*

1 (4) The department shall calculate the recycling rate for
2 purposes of ~~paragraph~~ *paragraphs (2) and (3)* based on the
3 12-month period ending on June 30 that directly precedes the
4 date of the January 1 processing fee determination.

5 (g) Not more than once every three months, the department
6 may make an adjustment in the amount of the processing
7 payment established pursuant to this section notwithstanding any
8 change in the amount of the processing fee established pursuant
9 to this section, for any beverage container, if the department
10 makes the following determinations:

11 (1) The statewide scrap value paid by processors for the
12 material type for the most recent available 12-month period
13 directly preceding the quarter in which the processing payment is
14 to be adjusted is 5 percent more or 5 percent less than the average
15 scrap value used as the basis for the processing payment
16 currently in effect.

17 (2) Funds are available in the processing fee account for the
18 material type.

19 (3) Adjusting the processing payment is necessary to further
20 the objectives of this division.

21 (h) (1) Except as provided in paragraphs (2) and (3), every
22 beverage manufacturer shall pay to the department the applicable
23 processing fee for each container sold or transferred to a
24 distributor or dealer within 40 days of the sale in the form and in
25 the manner which the department may prescribe.

26 (2) (A) Notwithstanding Section 14506, with respect to the
27 payment of processing fees for beer and other malt beverages
28 manufactured outside the state, the beverage manufacturer shall
29 be deemed to be the person or entity named on the certificate of
30 compliance issued pursuant to Section 23671 of the Business and
31 Professions Code. If the department is unable to collect the
32 processing fee from the person or entity named on the certificate
33 of compliance, the department shall give written notice by
34 certified mail, return receipt requested, to that person or entity.
35 The notice shall state that the processing fee shall be remitted in
36 full within 30 days of issuance of the notice or the person or
37 entity shall not be permitted to offer that beverage brand for sale
38 within the state. If the person or entity fails to remit the
39 processing fee within 30 days of issuance of the notice, the
40 department shall notify the Department of Alcoholic Beverage

1 Control that the certificate holder has failed to comply, and the
2 Department of Alcoholic Beverage Control shall prohibit the
3 offering for sale of that beverage brand within the state.

4 (B) The department shall enter into a contract with the
5 Department of Alcoholic Beverage Control, pursuant to Section
6 14536.5, concerning the implementation of this paragraph, which
7 shall include a provision reimbursing the Department of
8 Alcoholic Beverage Control for its costs incurred in
9 implementing this paragraph.

10 (3) (A) Notwithstanding paragraph (1), if a beverage
11 manufacturer displays a pattern of operation in compliance with
12 this division and the regulations adopted pursuant to this
13 division, to the satisfaction of the department, the beverage
14 manufacturer may make a single annual payment of processing
15 fees, if the beverage manufacturer meets either of the following
16 conditions:

17 (i) If the redemption payment and refund value is not
18 increased pursuant to paragraph (3) of subdivision (a) of Section
19 14560, the beverage manufacturer's projected processing fees for
20 a calendar year total less than ten thousand dollars (\$10,000).

21 (ii) If the redemption payment and refund value is increased
22 pursuant to paragraph (3) of subdivision (a) of Section 14560, the
23 beverage manufacturer's projected processing fees for a calendar
24 year total less than fifteen thousand dollars (\$15,000).

25 (B) An annual processing fee payment made pursuant to this
26 paragraph is due and payable on or before February 1 for every
27 beverage container sold or transferred by the beverage
28 manufacturer to a distributor or dealer in the previous calendar
29 year.

30 (C) A beverage manufacturer shall notify the department of its
31 intent to make an annual processing fee payment pursuant to this
32 paragraph on or before January 31 of the calendar year for which
33 the payment will be due.

34 (4) The department shall pay the processing payments on
35 redeemed containers to processors, in the same manner as it pays
36 refund values pursuant to Sections 14573 and 14573.5. The
37 processor shall pay the recycling center the entire processing
38 payment representing the actual costs and financial return
39 incurred by the recycling center, as specified in subdivision (b).

(i) When assessing processing fees pursuant to subdivision (a), the department shall assess the processing fee on each container sold, as provided in subdivisions (e) and (f), by the type of material of the container, assuming that every container sold will be redeemed for recycling, whether or not the container is actually recycled.

(j) The container manufacturer, or a designated agent, shall pay to, or credit, the account of the beverage manufacturer in an amount equal to the processing fee.

(k) If, at the end of any calendar year for which glass recycling rates equal or exceed 45 percent and sufficient surplus funds remain in the glass processing fee account to make the reduction pursuant to this subdivision or if, at the end of any calendar year for which PET recycling rates equal or exceed 45 percent and sufficient surplus funds remain in the PET processing fee account to make the reduction pursuant to this subdivision, the department shall use these surplus funds in the respective processing fee accounts in the following calendar year to reduce the amount of the processing fee that would otherwise be due from glass or PET beverage manufacturers pursuant to this subdivision.

(1) The department shall reduce the glass or PET processing fee amount pursuant to this subdivision in addition to any reduction for which the glass or PET beverage container qualifies under subdivision (f).

(2) The department shall determine the processing fee reduction by dividing two million dollars (\$2,000,000) from each processing fee account by an estimate of the number of containers sold or transferred to a distributor during the previous calendar year, based upon the latest available data.

~~SEC. 3.~~

SEC. 12. Section 14581 of the Public Resources Code is amended to read:

14581. (a) Subject to the availability of funds, and pursuant to subdivision (c), the department shall expend the moneys set aside in the fund, pursuant to subdivision (c) of Section 14580, for the purposes of this section:

~~(1) (A) On and after July 1, 2004, to June 30, 2005, inclusive, up to thirty million dollars (\$30,000,000) may be expended for~~

1 ~~that fiscal year for the payment of handling fees pursuant to~~
2 ~~Section 14585.~~

3 ~~(B) For each fiscal year commencing July 1, 2005, twenty-six~~
4 ~~million five hundred thousand dollars (\$26,500,000) shall be~~
5 ~~expended each fiscal year for the payment of handling fees~~
6 ~~required pursuant to Section 14585.~~

7 ~~(1) (A) On and after July 1, 2005, to June 30, 2006, inclusive,~~
8 ~~up to thirty-one million dollars (\$31,000,000) may be expended~~
9 ~~for that fiscal year for the payment of handling fees pursuant to~~
10 ~~Section 14585.~~

11 ~~(B) On and after July 1, 2006, to June 30, 2007, inclusive, up~~
12 ~~to thirty-three million dollars (\$33,000,000) may be expended for~~
13 ~~that fiscal year for the payment of handling fees pursuant to~~
14 ~~Section 14585.~~

15 ~~(C) On and after July 1, 2007, to June 30, 2008, inclusive, up~~
16 ~~to thirty-five million dollars (\$35,000,000) may be expended for~~
17 ~~that fiscal year for the payment of handling fees pursuant to~~
18 ~~Section 14585.~~

19 ~~(D) For each fiscal year commencing July 1, 2008, the~~
20 ~~department may expend the amount necessary to make the~~
21 ~~required handling fee payment pursuant to Section 14585.~~

22 ~~(2) Fifteen million dollars (\$15,000,000) shall be expended~~
23 ~~annually for payments for curbside programs and neighborhood~~
24 ~~dropoff programs pursuant to Section 14549.6.~~

25 ~~(3) (A) Fifteen million dollars (\$15,000,000), plus the~~
26 ~~proportional share of the cost-of-living adjustment, as provided~~
27 ~~in subdivision (b), shall be expended annually in the form of~~
28 ~~grants for beverage container litter reduction programs and~~
29 ~~recycling programs issued to either of the following:~~

30 ~~(i) Certified community conservation corps that were in~~
31 ~~existence on September 30, 1999, or that are formed subsequent~~
32 ~~to that date, that are designated by a city or a city and county to~~
33 ~~perform litter abatement, recycling, and related activities, if the~~
34 ~~city or the city and county has a population, as determined by the~~
35 ~~most recent census, of more than 250,000 persons.~~

36 ~~(ii) Community conservation corps that are designated by a~~
37 ~~county to perform litter abatement, recycling, and related~~
38 ~~activities, and are certified by the California Conservation Corps~~
39 ~~as having operated for a minimum of two years and as meeting~~
40 ~~all other criteria of Section 14507.5.~~

~~(B) Any grants provided pursuant to this paragraph shall not
comprise more than 75 percent of the annual budget of a
community conservation corps.~~

(3) (A) Twenty million dollars (\$20,000,000) shall be expended from January 1, 2007, until January 1, 2008, in the form of grants for beverage container litter reduction programs and recycling programs issued to community conservation corps that are certified by the California Conservation Corps as meeting the criteria of Section 14507.5.

(B) On and after January 1, 2008, fifteen million dollars (\$15,000,000), plus the proportional share of the cost-of-living adjustment, as provided in subdivision (b), shall be expended annually in the form of grants for beverage container litter reduction programs and recycling programs issued to community conservation corps that are certified by the California Conservation Corps as meeting the criteria of Section 14507.5.

(C) The community conservation corps issued grants pursuant to this paragraph shall also meet the criteria of Section 14507.6, if Assembly Bill 3056 of the 2005–06 Regular Session of the Legislature is enacted and adds Section 14507.6 to the Public Resources Code.

(D) The department shall require, as a condition of receiving a grant pursuant to subparagraph (A), that the grant recipient demonstrate that it is reducing beverage container litter and increasing the recycling of beverage containers.

(E) A grant provided pursuant to this paragraph shall not comprise more than 75 percent of the annual budget of a community conservation corps.

(4) (A) Ten million five hundred thousand dollars (\$10,500,000) may be expended annually for payments of five thousand dollars (\$5,000) to cities and ten thousand dollars (\$10,000) for payments to counties for beverage container recycling and litter cleanup activities, or the department may calculate the payments to counties and cities on a per capita basis, and may pay whichever amount is greater, for those activities.

(B) Eligible activities for the use of these funds may include, but are not necessarily limited to, support for new or existing curbside recycling programs, neighborhood dropoff recycling programs, public education-promoting beverage container

1 recycling, litter prevention, and cleanup, cooperative regional
2 efforts among two or more cities or counties, or both, or other
3 beverage container recycling programs.

4 (C) These funds may not be used for activities unrelated to
5 beverage container recycling or litter reduction.

6 (D) To receive these funds, a city, county, or city and county
7 shall fill out and return a funding request form to the Department
8 of Conservation. The form shall specify the beverage container
9 recycling or litter reduction activities for which the funds will be
10 used.

11 (E) The Department of Conservation shall annually prepare
12 and distribute a funding request form to each city, county, or city
13 and county. The form shall specify the amount of beverage
14 container recycling and litter cleanup funds for which the
15 jurisdiction is eligible. The form shall not exceed one
16 double-sided page in length, and may be submitted
17 electronically. If a city, county, or city and county does not return
18 the funding request form within 90 days of receipt of the form
19 from the department, the city, county, or city and county is not
20 eligible to receive the funds for that funding cycle.

21 (F) For the purposes of this paragraph, per capita population
22 shall be based on the population of the incorporated area of a city
23 or city and county and the unincorporated area of a county. The
24 department may withhold payment to any city, county, or city
25 and county that has prohibited the siting of a supermarket site,
26 caused a supermarket site to close its business, or adopted a land
27 use policy that restricts or prohibits the siting of a supermarket
28 site within its jurisdiction.

29 (5) One million five hundred thousand dollars (\$1,500,000)
30 may be expended annually in the form of grants for beverage
31 container recycling and litter reduction programs.

32 (6) (A) The department shall expend the amount necessary to
33 pay the processing payment and supplemental processing
34 payment established pursuant to Sections 14575 and 14575.5 and
35 pay processing fee rebates pursuant to Section 14575.2. The
36 department shall establish separate processing fee accounts in the
37 fund for each beverage container material type for which a
38 processing payment and processing fee are calculated pursuant to
39 Section 14575, or for which a processing payment is calculated
40 pursuant to Section 14575 and a voluntary artificial scrap value is

1 calculated pursuant to Section 14575.1, into which account shall
2 be deposited all of the following:

3 (i) All amounts paid as processing fees for each beverage
4 container material type pursuant to Section 14575.

5 (ii) Funds equal to the difference between the amount in clause
6 (i) and the amount of the processing payments established in
7 subdivision (b) of Section 14575, and adjusted pursuant to
8 paragraphs (2) and (3) of subdivision (c) of, and subdivision (f)
9 of, Section 14575, to reduce the processing fee to the level
10 provided in subdivision (f) of Section 14575, or to reflect the
11 agreement by a willing purchaser to pay a voluntary artificial
12 scrap value pursuant to Section 14575.1.

13 (iii) Funds equal to an amount sufficient to pay the total
14 amount of the supplemental processing payments established
15 pursuant to Section 14575.5.

16 (B) Notwithstanding Section 13340 of the Government Code,
17 the money in each processing fee account is hereby continuously
18 appropriated to the department for expenditure without regard to
19 fiscal years, for purposes of making processing payments and
20 supplemental processing payments, and reducing processing fees,
21 pursuant to Sections 14575 and 14575.5 and paying processing
22 fee rebates pursuant to Section 14575.2.

23 (7) Up to five million dollars (\$5,000,000) may be annually
24 expended by the department for the purposes of undertaking a
25 statewide public education and information campaign aimed at
26 promoting increased recycling of beverage containers.

27 ~~(8) Up to three million dollars (\$3,000,000) shall be expended~~
28 ~~annually for the payment of quality glass incentive payments~~
29 ~~pursuant to Section 14549.1.~~

30 ~~(9) Up to ten million dollars (\$10,000,000) may be expended~~
31 ~~annually by the department, until January 1, 2007, to issue~~

32 (8) (A) *Until January 1, 2007, up to three million dollars*
33 *(\$3,000,000) shall be expended annually for the payment of*
34 *quality glass incentive payments pursuant to Section 14549.1.*

35 (B) *On and after January 1, 2007, up to fifteen million dollars*
36 *(\$15,000,000) may be expended annually by the department for*
37 *quality incentive payments for empty beverage containers*
38 *pursuant to Section 14549.1.*

39 (9) *Up to twenty million dollars (\$20,000,000) may be*
40 *expended annually by the department, until January 1, 2012, to*

1 *issue grants for recycling market development and*
2 *expansion-related activities aimed at increasing the recycling of*
3 *beverage containers, including, but not limited to, the following:*

4 (A) Research and development of collecting, sorting,
5 processing, cleaning, or otherwise upgrading the market value of
6 recycled beverage containers.

7 (B) Identification, development, and expansion of markets for
8 recycled beverage containers.

9 (C) Research and development for products manufactured
10 using recycled beverage containers.

11 (D) *Research and development to provide high-quality*
12 *materials that are substantially free of contamination.*

13 ~~(D)~~

14 (E) Payments to California manufacturers who recycle
15 beverage containers that are marked by resin type identification
16 code “3,” “4,” “5,” “6,” or “7,” pursuant to Section 18015.

17 (10) Up to ten million dollars (\$10,000,000) may be
18 transferred on a one-time basis by the department to the
19 Recycling Infrastructure Loan Guarantee Account, for
20 expenditure pursuant to Section 14582.

21 (11) *Up to ten million dollars (\$10,000,000) may be expended*
22 *annually by the department for the payment of recycling*
23 *incentive payments pursuant to Section 14549.7 until payments*
24 *for eligible beverage containers redeemed or collected for*
25 *recycling on or before December 31, 2009, have been paid.*

26 (A) *The amount of the annual allocation in this paragraph not*
27 *expended for making recycling incentive payments shall revert to*
28 *the unallocated funds in the fund.*

29 (B) *For purposes of this paragraph and Section 14549.7, the*
30 *base six-month eligibility period for calculating the amount of*
31 *eligible beverage containers redeemed or collected shall*
32 *commence July 1, 2006.*

33 (12) *Up to five million dollars (\$5,000,000) may be expended*
34 *annually by the department for market development payments for*
35 *empty plastic beverage containers pursuant to Section 14549.2,*
36 *until January 1, 2012.*

37 (13) *Up to five million dollars (\$5,000,000) may be expended,*
38 *from January 1, 2007, to January 1, 2008, for transfer to the*
39 *Department of Parks and Recreation for the purposes of*
40 *installing source separated beverage container recycling*

1 *receptacles at each of the state parks, starting with those parks*
2 *that have the highest day use.*

3 *(14) Up to five million dollars (\$5,000,000) may be expended,*
4 *from January 1, 2007, to January 1, 2008, to provide grants to*
5 *local governments or non-profit agencies to place multifamily*
6 *housing source separated beverage container recycling*
7 *receptacles in low-income communities.*

8 (b) The fifteen million dollars (\$15,000,000) that is set aside
9 pursuant to paragraph (3) of subdivision (a) is a base amount that
10 the department shall adjust annually to reflect any increases or
11 decreases in the cost of living, as measured by the Department of
12 Labor, or a successor agency, of the federal government.

13 (c) (1) The department shall review all funds on a quarterly
14 basis to ensure that there are adequate funds to make the
15 payments specified in this section and the processing fee
16 reductions required pursuant to Section 14575.

17 (2) If the department determines, pursuant to a review made
18 pursuant to paragraph (1), that there may be inadequate funds to
19 pay the payments required by this section and the processing fee
20 reductions required pursuant to Section 14575, the department
21 shall immediately notify the appropriate policy and fiscal
22 committees of the Legislature regarding the inadequacy.

23 (3) On or before 180 days after the notice is sent pursuant to
24 paragraph (2), the department may reduce or eliminate
25 expenditures, or both, from the funds as necessary, according to
26 the procedure set forth in subdivision (d).

27 (d) If the department determines that there are insufficient
28 funds to make the payments specified pursuant to this section and
29 Section 14575, the department shall reduce all payments
30 proportionally.

31 (e) Prior to making an expenditure pursuant to paragraph (7)
32 of subdivision (a), the department shall convene an advisory
33 committee consisting of representatives of the beverage industry,
34 beverage container manufacturers, environmental organizations,
35 the recycling industry, nonprofit organizations, and retailers, to
36 advise the department on the most cost-effective and efficient
37 method of the expenditure of the funds for that education and
38 information campaign.

39 (f) After setting aside money for the expenditures required
40 pursuant to subdivisions (a) and (b) and Section 14580, the

1 department may, on and after January 1, 2007, but not after July
2 1, 2007, expend remaining moneys in the fund to pay a refund
3 value in an amount greater than the refund value established
4 pursuant to subdivision (b) of Section 14560.

5 *SEC. 13. Section 14585 of the Public Resources Code is*
6 *amended to read:*

7 14585. (a) The department shall adopt guidelines and
8 methods for paying handling fees to supermarket sites, nonprofit
9 convenience zone recyclers, or rural region recyclers to provide
10 an incentive for the redemption of empty beverage containers in
11 convenience zones. The guidelines shall include, but not be
12 limited to, all of the following:

13 (1) Handling fees shall be paid on a monthly basis, in the form
14 and manner adopted by the department. The department shall
15 require that claims for the handling fee be filed with the
16 department not later than the first day of the second month
17 following the month for which the handling fee is claimed as a
18 condition of receiving any handling fee.

19 (2) (A) To be eligible for any handling fee, a supermarket site
20 recycling center, nonprofit convenience zone recycler, or rural
21 region recycler shall redeem not less than 60,000 beverage
22 containers, during the calendar month in which the handling fee
23 is claimed or have redeemed not less than an average of 60,000
24 beverage containers per month during the previous 12 months.

25 (B) *Subparagraph (A) shall not apply on and after July 1,*
26 *2008.*

27 (3) (A) A beverage container with a capacity of 24 fluid
28 ounces or more shall be considered as two beverage containers
29 for purposes of determining the eligibility percentage, any
30 handling fee calculations, and payments.

31 (B) *Subparagraph (A) shall not apply on and after July 1,*
32 *2008.*

33 (4) The department shall determine the number of eligible
34 containers per site for which a handling fee will be paid in the
35 following manner:

36 (A) Each eligible site's combined monthly volume of glass
37 and plastic beverage containers shall be divided by the site's total
38 monthly volume of all empty beverage container types.

39 (B) If the quotient determined pursuant to subparagraph (A) is
40 equal to, or more than, 10 percent, the total monthly volume of

1 the site shall be the maximum volume which is eligible for a
2 handling fee for that month.

3 (C) If the quotient determined pursuant to subparagraph (A) is
4 less than 10 percent, the department shall divide the volume of
5 glass and plastic beverage containers by 10 percent. That
6 quotient shall be the maximum volume that is eligible for a
7 handling fee for that month.

8 (5) ~~The~~ (A) *From the effective date of the statute enacted by*
9 *Assembly Bill 3056 of the 2005–06 Regular Session to June 30,*
10 *2008, inclusive, the department shall pay a handling fee of 1.8*
11 *cents (\$0.018) per eligible beverage container, as determined*
12 *pursuant to paragraph (4).*

13 (B) *On and after July 1, 2008, the department shall pay a*
14 *handling fee per eligible container in the amount determined*
15 *pursuant to subdivision (f).*

16 (6) (A) Notwithstanding paragraph (5), the total handling fee
17 payment to a supermarket site, nonprofit convenience zone
18 recycler, or rural region recycler shall not exceed two thousand
19 three hundred dollars (\$2,300) per month.

20 (B) *Subparagraph (A) shall not apply on and after July 1,*
21 *2008.*

22 (7) If the eligible volume in any given month would result in
23 handling fee payments ~~which~~ *that* exceed the allocation of funds
24 for that month, as provided in subdivision (b), sites with higher
25 eligible monthly volumes shall receive handling fees for their
26 entire eligible monthly volume before sites with lower eligible
27 monthly volumes receive any handling fees.

28 (8) (A) If a dealer where a supermarket site, nonprofit
29 convenience zone recycler, or rural region recycler is located
30 ceases operation for remodeling or for a change of ownership, the
31 operator of that supermarket site nonprofit convenience zone
32 recycler, or rural region recycler shall be eligible to apply for
33 handling fees for that site for a period of three months following
34 the date of the closure of the dealer.

35 (B) Every supermarket site operator, nonprofit convenience
36 zone recycler, or rural region recycler shall promptly notify the
37 department of the closure of the dealer where the supermarket
38 site, nonprofit convenience zone recycler, or rural region recycler
39 is located.

1 (C) Notwithstanding subparagraph (A), any operator who fails
2 to provide notification to the department pursuant to
3 subparagraph (B) shall not be eligible to apply for handling fees.

4 (b) The department may allocate the amount authorized for
5 expenditure for the payment of handling fees pursuant to
6 paragraph (1) of subdivision (a) of Section 14581 on a monthly
7 basis and may carry over any unexpended monthly allocation to
8 a subsequent month or months. However, unexpended monthly
9 allocations shall not be carried over to a subsequent fiscal year
10 for the purpose of paying handling fees but may be carried over
11 for any other purpose pursuant to Section 14581.

12 (c) (1) The department shall not make handling fee payments
13 to more than one certified recycling center in a convenience
14 zone. If a dealer is located in more than one convenience zone,
15 the department shall offer a single handling fee payment to a
16 supermarket site located at that dealer. This handling fee
17 payment shall not be split between the affected zones. The
18 department shall stop making handling fee payments if another
19 recycling center certifies to operate within the convenience zone
20 without receiving payments pursuant to this section, if the
21 department monitors the performance of the other recycling
22 center for 60 days and determines that the recycling center is in
23 compliance with this division. Any recycling center that locates
24 in a convenience zone, thereby causing a preexisting recycling
25 center to become ineligible to receive handling fee payments, is
26 ineligible to receive any handling fee payments in that
27 convenience zone.

28 (2) The department shall offer a single handling fee payment
29 to a rural region recycler ~~that is~~ located anywhere inside a
30 convenience zone, *if* that *convenience zone* is not served by
31 another certified recycling center and *the rural region recycler*
32 does either of the following:

33 (A) Operates a minimum of 30 hours per week in one
34 convenience zone.

35 (B) Serves two or more convenience zones, and meets all of
36 the following criteria:

37 (i) Is the only certified recycler within each convenience zone.

38 (ii) Is open and operating at least eight hours per week in each
39 convenience zone and is certified at each location.

1 (iii) Operates at least 30 hours per week in total for all
2 convenience zones served.

3 (d) The department may require the operator of a supermarket
4 site or rural region recycler receiving handling fees to maintain
5 records for each location where beverage containers are
6 redeemed, and may require the supermarket site or rural region
7 recycler to take any other action necessary for the department to
8 determine that the supermarket site or rural region recycler does
9 not receive an excessive handling fee.

10 (e) The department may determine and utilize a standard
11 container per pound rate, for each material type, for the purpose
12 of calculating volumes and making handling fee payments.

13 (f) *(1) On or before January 1, 2008, and every two years*
14 *thereafter, the department shall conduct a survey pursuant to this*
15 *subdivision to determine the actual cost incurred for the*
16 *redemption of beverage containers by supermarket sites,*
17 *nonprofit convenience zone recyclers, and rural region recyclers*
18 *that receive handling fee payments pursuant to this section. The*
19 *department shall conduct this survey based upon a statistically*
20 *significant sample of supermarket sites, nonprofit convenience*
21 *zone recyclers, and rural region recyclers that receive handling*
22 *fees. The department shall conduct these cost surveys in*
23 *conjunction with the cost surveys performed by the department*
24 *pursuant to subdivision (b) of Section 14575 to determine*
25 *processing payments and processing fees. The department shall*
26 *include, but not be limited to, as allowable costs for calculation*
27 *of the actual costs, those costs contained in the regulations*
28 *adopted pursuant to this division that are used by the department*
29 *to conduct cost surveys pursuant to subdivision (b) of Section*
30 *14575.*

31 *(2) Using the information obtained pursuant to paragraph (1),*
32 *the department shall then determine the statewide weighted*
33 *average cost incurred for the redemption of beverage containers,*
34 *for each beverage container material type, at supermarket sites,*
35 *nonprofit convenience zone recyclers, and rural region recyclers*
36 *that receive handling fees.*

37 *(3) On and after January 1, 2008, and every two years*
38 *thereafter, the department shall determine the amount of the*
39 *handling fee to be paid for each empty beverage container by*
40 *subtracting the amount of the statewide weighted average cost*

1 *per container to redeem empty beverage containers by recycling*
2 *centers that do not receive handling fees from the amount of the*
3 *statewide weighted average cost per container determined*
4 *pursuant to paragraph (2).*

5 *(4) The department shall adjust the statewide average cost*
6 *determined pursuant to paragraph (2) for each beverage*
7 *container annually to reflect changes in the cost of living, as*
8 *measured by the Bureau of Labor Statistics of the United States*
9 *Department of Labor or a successor agency of the United States*
10 *government.*

11 *(5) The cost information collected pursuant to this section at*
12 *recycling centers that receive handling fees shall not be used in*
13 *the calculation of the processing payments determined pursuant*
14 *to Section 14575.*

15 *SEC. 14. Notwithstanding Item No. 3480-011-0133 of the*
16 *Budget Act of 2002 (Chapter 379 of the Statutes of 2002) and*
17 *Item No. 3480-011-0133 of the Budget Act of 2003 (Chapter 157*
18 *of the Statutes of 2003), or Section 14580 of the Public*
19 *Resources Code, any transfer made from the Beverage Container*
20 *Recycling Fund to the General Fund pursuant to those items that*
21 *is required to be fully repaid by June 30, 2009, shall instead be*
22 *fully repaid on or before June 30, 2013*

23 ~~SEC. 4.~~

24 *SEC. 15. This act is an urgency statute necessary for the*
25 *immediate preservation of the public peace, health, or safety*
26 *within the meaning of Article IV of the Constitution and shall go*
27 *into immediate effect. The facts constituting the necessity are:*

28 *In order to encourage the recycling of beverage containers,*
29 *thereby protecting public health and safety, and the*
30 ~~environmental~~ *environment, it is necessary that this act take*
31 *effect immediately.*